

CHAPTER 14

TRANSFERRING, DISPOSAL, AND LEASING OF REAL PROPERTY1401 OVERVIEW

140101. Purpose. This chapter provides financial procedures for the disposal, transfer or leasing out of real property.

140102. General. Public Law 101-510, Section 2805, “Revenue from Transfer or Disposal of Department of Defense Real Property” and Section 2806, “Revenue from Leasing Out Department of Defense Assets” requires that a special fund be established to record proceeds received from the outlease of DoD assets and the disposal of real property at military installations not designated for closure or realignment. Transfers of real property between DoD Components, which do not generate revenue, are not included in the special fund.

1402 POLICY AND PROCEDURES

140201. General. Real property, and improvements thereon, under the control of a DoD Component (other than property at a military installation designated for closure or realignment) that are determined by the cognizant Secretary of a Military Department, or Director of a Defense Agency (hereafter referred to collectively as “Heads of the DoD Components”) to be excess to the needs of that activity shall be made available for transfer without reimbursement to other DoD Components. If the property is not transferred, the DoD Component concerned shall request the Administrator of the General Services Administration (GSA) to transfer or dispose of such property in accordance with applicable laws. Proceeds generated from real property transactions or the leasing out of DoD assets under the provisions of Public Law 101-510, Sections 2805 or 2806 shall be deposited into a special fund Treasury receipt account. Funds deposited into the special fund receipt account will be distributed to the DoD Components by the Under Secretary of Defense (Comptroller) consistent with applicable appropriation acts.

140202. Special Fund Requirements. The special fund is to be established and operated under the provisions of Chapter 1 of this Volume. The special fund designated by the Treasury for use in connection with sections 2805 and 2806 is account 5188, “Disposal of Department of Defense Real Property” and account 5189, “Lease of Department of Defense Real Property.” Accounts 5188 and 5189 have been established as no year accounts.

140203. Special Fund Purposes.

A. Public Law 101-510 requires that certain DoD real property and improvements thereto that are excess to the needs of a DoD Component first be made available for transfer without reimbursement to other DoD Components. Real property that is not

transferred shall be turned over to the GSA for sale or transfer. The net proceeds (gross proceeds less expenses of transferring or disposing of the property) shall be deposited into special fund receipt account 5188 (.017, .021, .057 and .097 for Army, Navy, Air Force and Defense Agencies, respectively) "Disposal of DoD Real Property." See paragraph 140205, below, for appropriate accounting treatment. Funds received pursuant to leases shall be deposited into the special fund receipt account 5189 (.017, .021, .057 and .097 for Army, Navy, Air Force and Defense Agencies, respectively) "Lease of DoD Real Property." See paragraph 140206 for the appropriate accounting treatment.

B. Funds deposited shall be available to DoD Components for expenditures to the extent provided for in appropriation acts as follows:

1. Fifty percent of the funds deposited shall be available for facility maintenance and repair or environmental restoration at the Military installation where the property is located.

2. Fifty percent of the funds deposited shall be available for facility maintenance and repair and environmental restoration by the Military Department concerned which had jurisdiction over the property before disposal or transferal.

140204. Reporting Requirements

A. Real Property Transactions. As part of the annual request for authorization of appropriations by the Armed Services Committee of the Senate and National Security Committee of the House of Representatives, the Department shall include an accounting of each transfer and disposal of real property made during the fiscal year preceding the fiscal year in which the request is made. This summary shall include a detailed explanation of such disposal and the use of the proceeds received.

B. Leased Asset Transactions. As part of the request for authorization of appropriations for fiscal years after 1992, the Department shall provide the following reports:

1. An accounting of all funds received and the use of all money rentals that were deposited and expended during the fiscal year preceding the fiscal year in which the request is made; and

2. A detailed explanation of each lease entered into, and each amendment made to existing leases during the preceding year.

C. The Heads of the DoD Components shall submit the data required by subparagraphs B.1. and B.2. above, as part of their annual requests for appropriations.

140205. Accounting Procedures

A. Transfers of DoD Real Property

1. If a DoD Component determines that real property and improvements thereon, under the control of that Component (other than property at a military installation designated for closure or realignment) or activity, are excess to its needs and are available for transfer to another DoD Component such transfers will be on a non-reimbursable basis. If the property is not transferred to another DoD Component, the activity shall request the GSA Administrator to dispose of such property in accordance with the provisions of Public Law 101-510, section 13(g) of the Surplus Property Act of 1944 (50 U.S.C. App 1622 (g)) or other applicable laws.

2. DoD real property transferred between DoD Components requires an accounting entry at the losing activity and a corresponding entry at the gaining activity. The accounting entry shall reflect the acquisition cost of the real property. If the acquisition cost of the property is not known or cannot be determined, fair market value at the time of the transfer may be used. Detailed explanations for property and fiscal accountability are required as supporting footnotes to the accounting entry.

3. Accounting Entries. Table 14-1 shows the most common entries used for transferring assets. For illustrative purposes, assume that the Army transfers an asset to the Defense Logistics Agency.

B. Disposal of Real Property

1. Table 14-2 illustrates the most common entries used, as appropriate, to record the removal of property and improvements from the accounting records when the property and improvements are to be sold by the GSA at applicable installations.

2. The consideration (money), when received, will be deposited directly into the special fund with the Treasury. The explanation for this transaction is as follows:

To record the disposition of the property located at (Full Description). Monies received were deposited into the special fund account 5188.xxx "Disposal of DoD Real Property" under cash voucher #_____ in accordance with Public Law 101-501, Section 2805 "Disposal of Department of Defense Real Property."

3. Funds generated prior to the issuance of implementing instructions should have been deposited into "F3875 Budget Clearing Account (Suspense)" and transferred to the applicable special fund receipt account prior to the end of the fiscal year. A no-check SF 1080 may be used to transfer money from F3875 to the special fund receipt account.

ACCOUNTING ENTRIES FOR TRANSFERRING ASSETS**1. Army Entry (Transfer Out)**

Dr 1739 - Accumulated Depreciation on Buildings

Dr 1749 - Accumulated Depreciation on Other Structures
and FacilitiesDr 1829 - Accumulated Amortization on Leasehold
ImprovementsDr 3231 - Transfers-Out to Government Agencies Without
Reimbursement

Cr 1710 - Land

Cr 1730 - Buildings

Cr 1740 - Other Structures and Facilities

Cr 1820 - Leasehold Improvements

To record the transfer of an asset from the Army to the
Defense Logistics Agency.**2. Defense Logistics Agency Entry (Transfer In)**

Dr 1710 - Land

Dr 1730 - Buildings

Dr 1740 - Other Structures and Facilities

Dr 1820 - Leasehold Improvements

Cr 1739 - Accumulated Depreciation on Buildings

Cr 1749 - Accumulated Depreciation on Other Structures
and FacilitiesCr 1829 - Accumulated amortization on leasehold
ImprovementsCr 3220 - Transfers-In from Others Without
ReimbursementTo record the receipt of an asset from the Army on a non-reimbursable
basis.**Table 14-1****140206. Leasing Out DoD Assets**

A. Funds received from the lease of DoD assets shall be deposited into the special fund receipt account with Treasury except for amounts paid for utilities and services furnished lessees. Payments for utilities and services furnished lessees pursuant to leases shall be

treated as a normal reimbursable transaction with funds credited to the appropriation account from which the cost of furnishing the utilities and services was paid.

B. Funds (applicable to leases) deposited shall be available to the DoD Components for expenditures only as provided for in appropriation acts as follows:

1. Fifty percent of the funds deposited shall be available for facility maintenance and repair or environmental restoration at the military installation where the leased property is located.

2. Fifty percent of such amount shall be available for facility maintenance and repair and for environmental restoration by the Military Department concerned.

**ACCOUNTING ENTRIES FOR REMOVING ASSETS FROM ACCOUNTING
RECORDS**

Dr 1739 - Accumulated Depreciation on Buildings
Dr 1749 - Accumulated Depreciation on Other Structures
 and Facilities
Dr 1829 - Accumulated amortization on leasehold
 Improvements
Dr 3231 - Transfers-Out to Government Agencies Without
 Reimbursement
 Cr 1710 - Land
 Cr 1730 - Buildings
 Cr 1740 - Other Structures and Facilities
 Cr 1820 - Leasehold Improvements

To record the disposal of assets.

Table 14-2

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